

# Entrepreneurship Development: the Only Panacea for the Growth and Survival of Small and Medium Scale Enterprises in Nigeria

ADETOSO, Jonathan Adegoke<sup>1</sup>, AKESINRO, Abayomi Sunday<sup>2</sup> OLADEJO, Kayode Samson<sup>3</sup>  
 Department of Accounting, Joseph Ayo Babalola University, P.M.B 5006 Ikeji-Arakeji, Osun State, Nigeria.  
 Email of the corresponding Author: [gokeadetoso@yahoo.com](mailto:gokeadetoso@yahoo.com) [sunkesh75@yahoo.com](mailto:sunkesh75@yahoo.com)  
[Kay\\_oladejo83@yahoo.com](mailto:Kay_oladejo83@yahoo.com)

## Abstract

The Nigeria economy is essentially a mitted one, with current emphasis on the private sector which is expected to play a more dominant role than hitherto. The entrepreneur being the backbone of this sector is required to make significant impact on the pattern and growth of industrial investment ride his creative ideas and innovation. This paper posits that the paucity of creative ideas and innovation on the part of indigenous entrepreneurs is responsible for the seemingly lackluster performance and growth for the survival of the small and medium scale enterprises. Therefore, the pragmatic solution that is proffered to redress the apparent intractable entrepreneurial deficiency should be imbibed and followed holistically.

**Keywords:** Entrepreneurship Development, Panacea, Growth, Survival, Small & Medium Enterprises.

## 1. Introduction

It is our desire as a Nation to stimulate growth n the various sub-sector of the economy. It is only when this is achieved that we can began to record significant improvement in the living standard of Nigerians (Folaranmi, 2007).

No doubts about it, man can anything he imagines through the actualization of his imaginative faculty. Creative ideas are the beginning point of all fortunes. The last hundred years in the history of man has witnessed a tremendous and maid bogging innovations during which man has harnessed natures resources. Notable among these is the indomitable conquering of the air, land and sea through the aid of his imagination.

As reflected by Napoleon (1966), man's only limitation, within reason, being hs development and use of his imagination. He has not yet reached the apex of development in the use of his imaginative faculty. n essence, imagination is the ultimate missing link in many business failures, and a vital ingredient for success. Candler provided this link when supplied the requisite imagination which turned the formula for coca-cola into a fortune. Thus, behind many fortunes there is somebody who had the creative idea. According to Adebayo (2008), it is believed that satanic scrounge of unemployment in the country today can be brought to a very low level, if proper information and the knowledge of entrepreneurship is fully disseminated and understood by everyone. Entrepreneurship is also known all over the world as the main engine (Power house) that propels the economic prosperity of a nation.

It was in an attempt to revive the battered economy that successive government in Nigeria had come up with different rolling plans, such as the austerity measures of the Muritala/Obasanjo's Administration (1976-1979) and the Structural Adjustment programme of Babangida's regime (1985-1993) , the deregulated and the Abdulsalam Abubakar's administration (1998-1999) respectively.

Nevertheless, all these national policies fail to encourage the expected ecomic and industrial growth, rather the economy witnessed significant decline in its Gross Domestic Product (GDP) hyper-inflation and a significant increase in our external portfolio. It is imperative to note that majority of these policies suffer from one reason to the other, ranging from policy contradictions, policy somersault, non-continuity to lack of purpose and vision said Afolaranmi (2003), it is on this backdrop, that the Obasanjo's regime (1999-2007) made the restructuring of the Nigerian economy, her policy focus. Thus, his economic reforms were primarily centered on market orientation, private sector led, self- employment, self-reliance and technology driven.

To this end, one of the instruments that the Obasanjo's regime used was the promotion of the small and medium scale enterprises (SME) and the development of the creative and entrepreneurial ability of its citizenry.

## What then is creativity?

Webster (1993) defines creativity as the quality of being creative. It is the ability to create. This s the ability to create. This involves the use of skill and the imagination to produce something new or a work of art. Homby (2006) agreed that creativity and originality are more important than technical skill.

Creativity entails ideas generation that ultimately leads to entrepreneurial efficiency and effectiveness. As a way of life, it enables a business person to discover new and improved ways of doing things. An entrepreneur is required to be imaginative, creative and innovative in order to adapt the desired growth and survival in the national economy.

### **What is innovation?**

Innovation on the other hand is the application of creative idea which has an important effect on any organization, industry and invariably the society. According to Ilesanmi (2000) innovation is the process of creating a new venture in the mind of the entrepreneur from a mere idea to become a decision to act on that idea and then grows to a start-up-business.

Kamter (1983) opined that innovation is the generation, acceptance and implementation of new ideas, processes, products, or services. In the word of Peter Drucker (1985), innovations is the means by which the entrepreneur creates new wealth producing resources or endorses existing resources with enhance potential for creating wealth. In order words, innovation is a catalyst to change it is the effective combination of marketable and creative ideas to produce desirable result in an organisation and the society at large.

As observed by Newman (1997) creativity is looking at what everybody else looks at, but seeing the creative use of knowledge not merely the accumulation of facts. This is true about what Mason (2003) said that only a person who sees the invisible can do the impossible. The more you can dream, the more you can do Carl Schurz encouraged

“Ideals are like the stars; we never reach them, But, like the mariner of the sea, we chart our course by them”.

Creativity and Innovations, therefore, is a hallmark of an entrepreneur. Creativity is an important characteristic of the entrepreneur. As noted by Arowomole (2011), an entrepreneur who is more creative often becomes productivity and innovation cannot be completed without an entrepreneur. Who then is an entrepreneur?

### **Definition of Entrepreneur**

An entrepreneur is a person who see a business opportunity, obtains the needed capital, knows how to harness the operation successfully and has the willingness to take a personal risk of successes or failure (Afolarinmi, 2003).

According to Cole (2005) an entrepreneur is an organisation builder whose entrepreneur perception is not restricted to a single activity but include an integrated sequence of decisions of an individual or group of associated individuals, undertaken to initiate and maintain a profit oriented business unit for the production and distribution of economic goods and services.

Also, Drucker (1985) in Afolaranmi (2007) posited that an entrepreneur is a who searches for change, responds to it \, and exploits it as an opportunity.

In the same vein, (Adebayo, 2008), opined that an entrepreneur is an individuals who takes risk and starts something new “Briefly stated, the entrepreneur organizes and operates an enterprises for personal gain. He pays current prices for the materials consumed in the business for the use of the land, for the personal services he employs and for the capital he requires. He contributes his own initiative, skill and ingenuity in planning, organizing and administrating the enterprise. He also assumes the chance of loss and gain consequent to unforeseen and uncontrollable circumstances. The net residue of the annual receipts of the enterprise after all cost have been paid, he retains for himself”

### **Types of creativity and Innovation**

A creative idea may be:

- (i) A discovery of something which is already in existence
- (ii) An innovation of creative ideas
- (iii) A reorganization of existing parts
- (iv) A major alteration of an existing concept in terms of quality and form.

**Four types of innovation are easily discernable. Those are:**

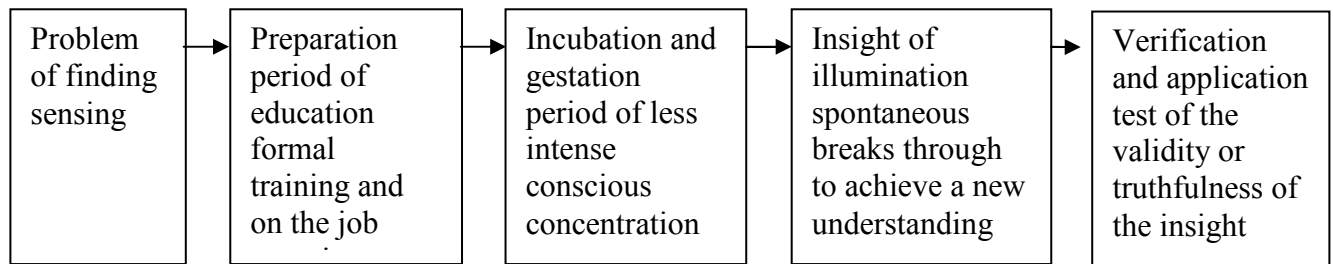
- (i) An invention or creation of new products or services
- (ii) An extension or expansion of a product or service that is already in existence
- (iii) The production or duplication of a product or service which is already in existence with a view to improving on the quality for competitive advantages
- (iv) The synthesis of parts into a whole to find new application.

For innovation of new ideas to be successful, says (Appleby (1981) in Ifeanyi, 2007), a high degree of integration is needed between all concerned. Organizations that are too rigidly structured may find integration of all necessary activities very difficult.

### **Creative process**

Entrepreneurs must follow the various stages of the creative process as illustrated in figure I for effectiveness and efficiency. The creative process involves five stages, inter alia: problem finding, preparation, incubation, insight and verification.

FIGURE I: Stages in creative process



**Source:** Adapted from Ilesanmi (2000) Entrepreneurship Development,

**The problem stage:** This is the starting point in the creative process where an entrepreneur beings by recognizing that a problem exists.

**The preparation stage:** This involves education and formal training in addition to the collection of pertinent information in order to make creative impact. It is often referred to as the exploration stage. The primary focus here is to gain insightful knowledge about any problem.

**The incubation stage:** This allows the certain idea to mature and to grow in the entrepreneur's sub-conscious mind.

**Insightful stage:** At the insightful stage, an entrepreneur discovers new and useful ways of solving problem identified. This could be from the spontaneous inspirations or flash triggered off by internal and external stimuli.

**Verification and application stage:** This is the final stage and it is very difficult, "it involves testing, refinding, demonstration and communicating the creative ideas". As said by Ilesanmi, (2000) for the entrepreneur to be successful, there is need for courage, self-discipline, and perseverance in order to be able to identify these workable ideas and to use all requisite skills and talents to implement the creative ideas.

### 1.1 STATEMENT OF PROBLEM

Nearly all developing countries including Nigeria are experiencing one form of crisis or the other. The crises range from hungry, unemployment, poor infrastructures, high cost of living to low per capital income. Nigeria as one of the developing nations has adopted various policy measures to address the stated problem of proliferation of business ventures at the stated problems but without the desired results, the problem of proliferation of business ventures at the level of small and medium scale enterprises is often blamed persons in Nigeria. The resultant effect is that when people see a business outfit that is profitable or seems to be profitable, there is a mad rush to replicate that business until it is over-saturated and becomes unprofitable. Whatever the case may be the purpose of this paper is essentially to determine the level of creativity and innovation of small and medium enterprises within the Nigeria.

### 1.2 OBJECTIVES OF STUDY

The researcher seeks to:

- i. identify factors that are responsible for lack of entrepreneurship culture in Nigeria.
- ii. identify if entrepreneurship has upgraded the status of self-employment as a career alternative in the society.
- iii. identify if entrepreneurship has actually facilitated and accommodate the various components vital for enterprises culture.

## 2. METHODOLOGY

This research is essentially a survey of creativity and innovation in small and medium scale enterprises in Ilesa East and Ilesa West Local Government of Osun state. In all, eighty-five (85) questionnaires were administered to find out whether these traces generated and introduce new ideas on business performance as well the factors responsible for lack of creativity.

The business selected cut across broad spectrum, including service industries, construction industries and other adjunct industries.

At the end of the data collection and collation, table of request counts and descriptive analysis were used to interpret the responses.

## 3. RESULTS AND DISCUSSION

The problem of proliferation of business venture at all level of small and medium scale enterprises is often blamed on lack of creative ideas on the past of business persons in Nigeria. The resultant effect is that when people see a business outfit that is profitable or seems to be profitable, there is a mad rush to replicate that business until it is over-saturated and becomes unprofitable again.

In table 1, the creative capacity of entrepreneur in Ilesa East and Ilesa West Local Government Areas is brought to the fore by analysis of the responses to the questionnaire administered

**Table 1: Types of creativity**

S/N	TYPES OF CREATIVITY	FREQUENCY	CUMMLATIVE FREQUENCY	PERCENTAGE (%)
1.	Discovery / Invention	0	0	0
2.	Innovation	26	26	54.17
3.	Synthesis	8	34	16.67
4.	Mutation	14	48	29.16
	Total	48		100

Source: Field Survey, 2013.

Table1 above reveals that there is no single discovery or invention in the Local Government Areas. This implies that there is no new product or service discovered that does not exist before. As shown in the table, innovation, that is better way of doing things accounted for twenty-six (26) or 54.17% of entrepreneurial creativity, while synthesis (re-organization or new application of method) represents eight (8) or 16.61% whereas, mutation (a duplication of method to improve quality) is responsible for fourteen (14) or 29.16% of creative ideas in the surveyed area. In essence, there is a high preponderance of better ways of doing things to the utter neglect of discovery and invention.

**Table 2: Failure to innovation**

S/NO	SOURCES	FREQUENCY	CUMMULATIVE FREQUENCY	PERCENTAGE (%)
1.	Lack of resources	27	27	27.55
2.	Wrong personnel	12	39	12.25
3.	Failure to recognize opportunities	19	58	19.39
4.	Resistance to change	13	71	13.26
5.	Poor reward system	13	84	13.26
6.	Others	14	98	14.29
	Total	98	----	100

Source: Field Survey, 2013.

Many factors are responsible for the failure to innovate. This appoint entrepreneurial deficiency is depicted in table 2. The singular most important factor is lack of resources. This represents twenty-seven important factor is lack of resources. This represents twenty-seven (27) or 27.55% of frequent count. However lack of resources especially money, need not to be a major impediment if good business plan exists. Failure to recognize opportunities accounted for nineteen (19) or 19.39%, while resistance to change and poor reward system represent thirteen (13) or 13.26% respectively. On the other hand, wrong personnel are responsible for twelve (12) or 12.25% of failure to innovate.

As revealed in table 2, people's inability to think creatively and innovate, may be due to other factors such as the limitation of infrastructure and unconducive business climate. This accounted for fourteen (14) or 14.29%.

Table 3, reveals the possible impact of creativity on entrepreneurial performance with respect to turnover, profitability, employment generation, output, and varieties of products and service.

**Table 3: Creative Ideas on Business performance**

S/NO	TYPE	FREQUENCY	CUMMULATIVE FREQUENCY	PERCENTAGE (%)
1.	Sales	23	23	30.26
2.	Profit	37	60	48.68
3.	Employment generation	5	65	6.58
4.	Output	10	75	13.16
5.	More variables	1	76	1.32
	Total	76	---	100

Source: Field surveys, 2013

As shown in table 3, creativity among the forty-eight (48) business has a significant effect on profitability. It is responsible for 48.68% whereas sales and outfit accounted for 30.26% and 13.16% respectively.

It is important to note that the contribute of creativity to employment generation (16.58%), is very low. In other words, creativity in the society areas, affects employment generation and expose of customers to varieties marginally.

#### **4. CONCLUSION**

The problem of high rate of business proliferation at the level of small and medium scale enterprises is blamed on lack of creativity with respect to new discoveries and invention. Once the operators of business outfits see a business that is seemingly profitable the trend is to replicate that business until it is over-saturated and less profitable. The creative capacity of the entrepreneurs is being called to question, especially their capabilities to champion new frontier. This entrepreneurial deficiency is responsible for the dismal performance and stunted growth of the small and medium enterprises.

No doubt, entrepreneur seeks to revolutionize the pattern of production by exploiting an innovation or an untried technological possibility for producing a new commodity. It is imperative to note that industrial production process cannot be divorced from the fabrication of machines and tools required for the manufacture of the desired products.

Therefore, developing countries must strive to have an appropriate and adaptable technology. Self-employment suggest peace unity and stability, which can be using entrepreneurship, which will ultimately enhance technological advancement.

##### **4.1 RECOMMENDATIONS**

According to Schwarts (1979) "When you believe, your mind finds ways to do", creative thinking is simply finding new, improved ways to anything. The rewards of all types of success hinge on finding ways to do things better. As reflected by Adeyemi (2001) success is not a destination, it is a journey. There are many ways to re-invent as the imagination can conceive, noted Kennedy (1996).

For the growth of small and medium scale enterprises (SMES) the practitioners and would be entrepreneurs should use these tools and think creativity.

Eliminate the word "impossible". They should believe that creativity can be done. Creativity thinking accomplishments via discovery and invention is notable.

The business person should not allow tradition to paralyze him/her. New and progressive should be tried. The entrepreneur needs constant self-improvement by addressing these pertinent questions "How can I do better/How can I do more?

The entrepreneurs should practice asking and listening and get stimulated by stretching their minds for imagination ideas.

It is strongly recommended in this paper that there should be a very good linkage between the business outfits, our tertiary institutions and all tiers of government with a view to commercializing new discoveries and inventions for the economic development of the country at large.

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